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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 001586

SIPDIS

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TAGS: PREL PTER PHUM PGOV IS ISRAELI PALESTINIAN AFFAIRS ISRAELI SOCIETY GOI INTERNAL

SUBJECT: FM LIVNI DISCUSSES RELATIONS WITH PALESTINIANS AND

AMA ISSUES

REF: A) TEL AVIV 1584 B) TEL AVIV 1585

Classified By: Ambassador Richard H. Jones; Reasons 1.4 (B and D).

11. (C) SUMMARY: In a meeting with the Ambassador on April 20, Foreign Minister Tzipi Livni cautioned that there are limits to Israel's restraint following Palestinian terror attacks. Livni promised to examine ways that the GOI could pay medical costs for Palestinians being treated in Israeli hospitals. She reacted cautiously to issues associated with the Agreement on Movement and Access, accepting the Ambassador's letter on the customs protocol as a non-paper, agreeing to speak with the Defense Minister on opening Gaza crossings for exports, and limiting any future consideration of a possible West Bank-Gaza link to a tunnel. Livni also addressed efforts to facilitate the admission of Magen David Adom into the Red Cross/Red Crescent movement as well as the GOI's intention to join the International Whaling Commission (reftels). END SUMMARY.

GOI Reaction to April 17 Suicide Bombing

- 12. (C) The Ambassador noted that Israel's measured response to the April 17 suicide bombing in Tel Aviv had helped the world focus on Hamas' foolish statements defending the attack and its continued intransigence in refusing to accept the Quartet's conditions. Livni replied that the Israeli public "understands restraint to some extent," but there are limits. She claimed that the Israeli security services are pressing for permission to "do something" about rocket attacks from Gaza.
- 13. (C) The Ambassador informed Livni that the USG had again presented demarches in a number of capitals urging them not to meet with Hamas officials, to restrict the flow of funds to the PA, and to channel humanitarian assistance through proper channels. Livni thanked the USG for such efforts, commenting that she believed they had influenced Jordan's decision not to receive the PA's foreign minister. Livni complained that Russia's policy is "very problematic," conjecturing that Moscow is trying to present itself as an independent regional player. Chief of Staff Dayan expressed concern about possible meetings between Norwegian parliamentarians and Hamas officials. Livni noted that the Israeli finance and justice ministries want to share their thoughts on how to prevent the flow of money to terrorist groups with U.S. officials. The Ambassador mentioned that Treasury U/S Levey would visit soon; Livni requested that he meet with Ministry of Justice Director General Aharon Abramovich.

Payment for Palestinian Medical Care in Israel

14. (C) The Ambassador asked Livni if the GOI had plans to pay for medical treatment for Palestinian patients at facilities such as the children's hospital in Tel Aviv and the Augusta Victoria hospital in Jerusalem. She replied that the amount of funding involved is limited (she estimated USD 1.2 to 2.4 million a month). Vowing to "find a way to help," she said she would need to discuss the issue with other GOI officials. Livni suggested that the GOI could probably overcome legal obstacles to releasing money from the frozen PA tax revenues. She speculated that even Hamas would find it difficult to oppose an Israeli announcement of such plans.

AMA: Gaza Crossings, Customs Protocol, Gaza-West Bank Link

15. (C) The Ambassador raised three issues connected to the Agreement on Movement and Access (AMA). He thanked Livni for her role in opening the crossings points for imports into Gaza and noted the importance of allowing exports from Gaza as well. He explained steps that the United States Security Coordinator and USAID are taking to improve security at the crossings, including the financing of scanners, development of a security plan for the Palestinian side of Karni, and coordination on tunnel detection systems. Livni replied that she understood the Defense Ministry's reluctance to open the

crossings when they are threatened, but promised to speak with the Defense Minister at the Cabinet meeting on April 23. She requested U.S. assistance on helping to secure the Israel-Egypt border against smugglers, noting that trafficking in persons across the border is connected to weapons and drug smuggling.

- 16. (C) The Ambassador explained the importance of the customs protocol -- already negotiated between the GOI and PA prior to the PLC elections -- for the operation of Kerem Shalom and Rafah. Noting that the EU monitors require guidelines to properly perform their duties on the border, he proposed that the GOI and Palestinians each accept the previously-negotiated document as a guide for the operations at Rafah and Kerem Shalom, presenting her a letter to that effect. Livni accepted the letter but said she did so as a non-paper pending consultations with other GOI officials on whether Israel could accept this procedure.
- 17. (C) The Ambassador briefed Livni on the outcome of the USAID-financed feasibility study of possible Gaza-West Bank links. In Livni's view, a tunnel is the only option that would facilitate the President's goal of a viable Palestinian state without cutting Israel in two. She remarked that previous discussions of possible surface routes were moot in the new security environment. She said the tunnel option was worth further study, but added that "now is not the right moment" to discuss it in public. Accordingly, she requested that the USG not share the feasibility study with others or publicize the report.

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